

ASSEMBLY BILL

No. 1120

Introduced by Assembly Member Benoit

February 22, 2005

An act to amend Section 11623 of the Insurance Code, relating to auto insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1120, as introduced, Benoit. Auto insurance: assigned risk plans.

Existing law requires the Insurance Commissioner to approve or issue a reasonable plan for the equitable apportionment, among auto insurers, of applicants for auto liability insurance who are entitled to but are unable to procure that insurance through ordinary methods. Existing law establishes an advisory committee composed of members from insurers, noninsurers, the public, and the commissioner. Existing law places specified requirements on certain members representing insurers with respect to the amount of auto liability insurance their companies transact annually.

This bill would make changes to these requirements regarding the membership of insurer representatives on the advisory committee related to the size of the insurer represented by the representative.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11623 of the Insurance Code is
2 amended to read:

1 11623. (a) To assist the commissioner in carrying out the
2 purposes of this article, an advisory committee composed of 15
3 members is created. The commissioner shall administer and
4 operate the plan as authorized by law. The commissioner shall
5 consult with the advisory committee on a regular basis on policy
6 matters affecting the operation of the plan.

7 Eight members representing subscribing insurers shall be
8 elected annually by subscribing insurers. The commissioner shall
9 appoint the noninsurer members. Four members shall represent
10 the public. Two members shall represent producers. The
11 remaining member is the commissioner or his or her designee.

12 All insurer representatives shall be salaried employees. At least
13 two insurer representatives shall be employed by insurers having
14 their principal headquarters located in California. At least ~~two~~
15 ~~one~~ insurer ~~representatives~~ *representative* shall represent
16 ~~companies who have an insurer with~~ average annual automobile
17 liability premiums in California below ~~one~~ *five* hundred million
18 dollars ~~(\$100,000,000)~~ *(\$500,000,000)* in the prior three years.
19 At least ~~one~~ *two* insurer ~~representative~~ *representatives* shall
20 represent ~~an insurer~~ *companies* with average annual automobile
21 liability premiums in California ~~exceeding one hundred million~~
22 ~~dollars (\$100,000,000)~~ *of less than one billion dollars*
23 *(\$1,000,000,000)* in the prior three years. At least one insurer
24 representative shall represent an insurer with average annual
25 automobile liability premiums in California exceeding ~~seven~~
26 ~~hundred million dollars (\$700,000,000)~~ *one billion dollars*
27 *(\$1,000,000,000)* in the prior three years.

28 Public members shall be paid two hundred fifty dollars (\$250)
29 per meeting and shall be reimbursed all reasonable expenses
30 incurred.

31 The commissioner shall remove members for nonattendance.
32 Unless satisfactory excuse is made in writing to the
33 commissioner in a timely manner, nonattendance shall mean the
34 failure to appear at more than two regularly scheduled meetings
35 in a 12-month period. Should the member who is removed
36 represent a company or agency, another representative from the
37 company or agency may not be appointed for a period of not less
38 than two years.

39 The advisory committee with the approval of the commissioner
40 shall appoint a manager to carry out the purposes of this article,

1 employ sufficient personnel to provide services necessary to the
2 operation of the plan, and contract for the provision of statistical
3 and actuarial services.

4 The cost of the plan, including any personnel and contracting
5 costs, shall be fairly apportioned among the subscribing insurers
6 to whom assignments may be made. The costs associated shall be
7 directly attributable to the management of the plan and directly
8 related to its programs. In consultation with the advisory
9 committee, the commissioner shall develop, issue, and adopt
10 regulations to carry out the purposes of this article.

11 (b) Notwithstanding this act, which changes the status of the
12 governing committee to that of an advisory committee, the
13 committee shall have the right to retain counsel of its choice
14 pursuant to a selection process adopted by the committee and the
15 right and necessary standing to bring and defend actions in
16 judicial and administrative proceedings related to the plan in the
17 name of the plan, with all powers attendant thereto including the
18 right to retain consultants, counsel, and expert witnesses of its
19 choice.